

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Flint Township Central Business District Auth	County Genesee
Fiscal Year End 12/31/06	Opinion Date 01/02/07	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

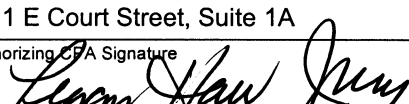
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number 810-767-5350		
Street Address 111 E Court Street, Suite 1A		City Flint	State MI	Zip 48502
Authorizing CPA Signature 		Printed Name Peggy Haw Jury		License Number 1101009025

Flint Township
Central Business Development Authority
(a component unit of the Charter Township of Flint, Michigan)

Financial Report
with Supplemental Information

December 31, 2006

**Flint Township
Central Business Development Authority
For the Year Ended December 31, 2006**

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**Flint Township
Central Business Development Authority**

December 31, 2006

Board of Directors

John Knickerbocker	Chairperson
Rob Gerholz	Vice Chairperson
Timothy Young	Secretary/Treasurer
Frank Kasle	
S. Robert Katz	
Barbara D. Jones	
Clyde Cooper	
Kenyon Grover	
John R. Gazall	
Douglas Carlton	

Independent Auditors' Report

The Honorable Members of the
Board of Directors of the Flint Township
Central Business Development Authority
Genesee County, Michigan

We have audited the accompanying financial statements of the governmental activities of the Flint Township Central Business Development Authority (Authority), Michigan, a component unit of the Flint Township, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Flint Township Central Business Development Authority, Michigan as of December 31, 2006, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

As discussed in Note III C1 to the financial statements, the Authority's last year of operations was 2006.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

January 2, 2007

Flint Township Central Business Development Authority Management's Discussion and Analysis

Our discussion and analysis of the Flint Township Central Business Development Authority, Michigan's financial performance provides an overview of the Authority's finale year of operations which ended December 31, 2006. Please read it in conjunction with the Authority's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2006.

- Total net assets related to the Authority's governmental activities decreased by \$1,591,437.

During 1988 and 1989, the Authority entered into tax increment financing agreements with the Township of Flint, Genesee County, and the various school districts within its boundaries. During 1994 Proposal A was enacted removing all school district property from the captured assessed value calculation beginning in 1995. The tax agreements contain a maximum amount of taxes, which could be captured by the Authority. The total maximum amount to be captured was \$24,068,445, which has been fully collected. Therefore, the current revenues of Flint Township Central Business Development Authority consist of interest income only.

Total expenditures for all governmental activities were \$1,640,333 of which \$107,904 was for administrative expenditures. The balance of expenses \$1,532,429 were spent on project costs. A detail of project costs spent during the current year are as follows:

Project 23A	Street Lighting	\$ 6,038
Project 25A	Dye Road widening	27,646
Project 27A	Entryway signs	20,217
Project 28A	Streetscape	3,079
Project 38A	Maintain drainage systems	5,787
Project 5B	Township Park	68,631
Project 22C	Extension TA Mansour to Dutcher	390,554
Project 32C	Non-vehicle path Corunna Road	17,639
Project 35C	Driveway closures	52,200
Project 41C	Miller Road resurfacing	490,000
Project 46C	Conway pavement	123,125
Project 47C	Surveillance cameras	<u>327,513</u>
Total expenditures		<u>\$1,532,429</u>

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year.

The fund financial statements present a short-term view; they tell us how much is available for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide financial statements by providing information about the Authority's most significant funds.

The Authority as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year:

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Current assets	\$ -	\$1,604,200
Total assets	-	1,604,200
Current liabilities	-	12,763
Total liabilities	-	12,763
Net assets:		
Restricted	-	1,591,437
Total net assets	\$ -0-	\$1,591,437

The Authority's governmental activities net assets decreased 100 percent from a year ago – decreasing from \$1,591,437 to \$ -0-. In contrast, last year's net assets decreased by only 28 percent.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenue		
General revenue:		
Unrestricted investment earnings	\$ 48,896	\$ 55,408
Total revenue	48,896	55,408
Program Expenses		
General government	107,904	191,625
Community development	1,532,429	468,013
Total program expenses	1,640,333	659,638
Change in Net Assets	<u>\$(1,591,437)</u>	<u>\$(604,230)</u>

Governmental Activities

The Authority's total governmental revenues decreased by approximately \$6,512. The decrease, which represents 12 percent, was primarily due to the decrease in deposits held.

Expenses increased by \$980,695 during the year. Increases were due to the increase in project expenses.

The Authority's Funds

Our analysis of the Authority's major funds begins on page 5. The fund financial statements provide detail information about the most significant funds, not the Authority as a whole. The Authority's major funds for 2006 include the General Fund and Special Revenue – TIFA.

The General Fund pays for most of the Authority's governmental services. The most significant are administrative, which incurred expenses of \$107,904. A transfer from the Special Revenue Fund – TIFA is done each year to cover the administrative expenditures incurred in the General Fund.

General Fund Budgetary Highlights

Over the course of the year, the Authority amended the budget to take into account events during the year. The Authority overall stayed below budget, resulting in total expenditures \$750 below budget.

Business Development During 2006

- Petco renovated 15,000 sq. ft. in Genesee Crossing.
- TV Repair located in Yorkshire Plaza.
- Jets Pizza opened a new business at 3092 S. Linden Road.
- Genesee Valley expanded an outdoor area with Barns & Nobel, Bar Louie & Coldwater Creek.
- Lapeer Mattress & Furniture renovated the vacant Pep Boys on Miller Road.
- Wal-Mart site Plan was approved for a Super Store construction in 2007.
- Tropical Smoothie located in Lincor Plaza.
- Chuckie Cheese renovated.
- Baker College invested \$3,298,000 in additions & renovations.
- Cash Now renovated Dave's Pizza on Corunna Road.
- Starbucks located next to A&W/KFC on Corunna Road.
- A Doctors' complex is being constructed on Linden Road at Town Center.
- VG's located in the former Farmer Jacks on Corunna Road.

Budget

The Authority's 2006 budget planned for the use of all of the net assets of the Authority during 2006 which corresponds to the life of the district which ended in 2006. Those assets committed but not disbursed by the Authority at December 31, 2006, were transferred to the Charter Township of Flint to be held and disbursed to vendors for commitments made prior to December 31, 2006.

Contacting the Authority's Management

This financial report is intended to provide our citizens, customers, and investors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Charter Township of Flint's office.

**Flint Township
Central Business Development Authority
Governmental Fund Balance Sheet/Statement of Net Assets
December 31, 2006**

	General	Special Revenue TIFA	Total
<hr/>			
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
	<hr/>		
Total assets	\$ - 0 -	\$ - 0 -	\$ - 0 -
	<hr/> <hr/>		
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Due to primary government	-	-	-
Retainer payable	-	-	-
	<hr/>		
Total liabilities	-	-	-
	<hr/>		
Fund balances/Net assets:			
Fund balances:			
Reserved for Special Revenue Fund	-	-	-
	<hr/>		
Total fund balances	-	-	-
	<hr/>		
Total liabilities and fund balances	\$ - 0 -	\$ - 0 -	\$ - 0 -
	<hr/> <hr/>		
Net assets:			
Restricted for Special Revenue Fund			
	<hr/>		
Total net assets			

The notes to financial statements are an integral part of this statement.

Adjustments		Statement Net Assets	
\$	-	\$	-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
\$	- 0 -	\$	- 0 -

Flint Township
Central Business Development Authority
Statement of Governmental Fund Revenue, Expenditures, and Changes
in Fund Balances/Statement of Activities
For the Year Ended December 31, 2006

	General	Special Revenue TIFA	Total
Revenue:			
Interest	\$ 16	\$ 48,880	\$ 48,896
Total revenue	16	48,880	48,896
Expenditures/expenses			
Current:			
Administrative:			
Contract services	3,476	-	3,476
Promotion	551	-	551
Salaries and fringes	72,902	-	72,902
Legal	4,437	-	4,437
Dues and memberships	593	-	593
Transportation	616	-	616
Office supplies and expense	2,803	-	2,803
Office lease	9,962	-	9,962
Accounting	8,660	-	8,660
Postage	675	-	675
Conference and workshop	595	-	595
Telephone	1,112	-	1,112
Plan Implementation	350	-	350
Miscellaneous	359	-	359
Contributed to Township	813	-	813
Community development			
Other project costs	-	1,532,429	1,532,429
Total expenditures/expenses	107,904	1,532,429	1,640,333
Excess of revenues over (under) expenditures/expenses	(107,888)	(1,483,549)	(1,591,437)
Other financing sources (uses)			
Transfers - internal activities	107,888	(107,888)	-
Excess of revenues and other financing sources over (under) expenditures /expenses and other financing uses	-	(1,591,437)	(1,591,437)
Change in net assets	-	-	-
Fund balance - beginning of year	-	1,591,437	1,591,437
Fund balance - end of year	\$ - 0 -	\$ - 0 -	\$ - 0 -

The notes to financial statements are an integral part of this statement.

Adjustments		Statement of Activities	
\$	-	\$	48,896
	-		48,896
	-		3,476
	-		551
	-		72,902
	-		4,437
	-		593
	-		616
	-		2,803
	-		9,962
	-		8,660
	-		675
	-		595
	-		1,112
	-		350
	-		359
	-		813
	-		1,532,429
	-		1,640,333
	-		(1,591,437)
	-		-
	1,591,437		-
	(1,591,437)		(1,591,437)
	-		1,591,437
\$	- 0 -	\$	- 0 -

Notes to Financial Statements

**Flint Township
Central Business Development Authority
Notes to Financial Statements
December 31, 2006**

I. Summary of significant accounting policies

The accounting policies of the Flint Township Central Business Development Authority (Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Authority.

A. Reporting Entity

The Authority was created on October 1, 1986, by resolution of the Township Board of the Flint Township and in accordance with Act 197, Public Acts of Michigan of 1975. The primary purpose of the Authority is to correct and prevent deterioration in the central business district, and to encourage historical preservation and the expansion of commercial enterprises in the central business district.

The accompanying financial statements are exclusive presentations of the financial condition and results of operations of the Flint Township Central Business Development Authority. The Authority is considered a "component unit" of the Charter Township of Flint's governmental operation. As a result, industry standards require the Township to include the financial activities of the Authority in the Township's financial statements. The financial statements of Charter Township of Flint are available for public inspection at the Township Hall.

In accordance with the provisions of Governmental Accounting Standards Board Statement #14, "The Financial Reporting Entity," the financial statements of the Flint Township Central Business Development Authority contains all the Authority funds and activities for which the Authority's Board Members are financially accountable. There are no component units of the Authority.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Interest income and other items not properly included as program revenues are reported as *general revenues*.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Flint Township
Central Business Development Authority
Notes to Financial Statements
December 31, 2006**

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The Authority reports the following major governmental funds:

General Fund – The government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund – The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Assets, liabilities, and net assets or equity:

1. Deposits and investments

Cash and cash equivalents included cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

2. Receivables and payables

In general, outstanding balances between funds are reported as “due to/from other funds”. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds”.

3. Capital assets

Capital assets, which included office equipment, were reported when applicable in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**Flint Township
Central Business Development Authority
Notes to Financial Statements
December 31, 2006**

I. Summary of significant accounting policies – (continued)

D. Assets, liabilities, and net assets or equity: - (continued)

3. Capital assets – (continued)

Office equipment of the Authority was depreciated using the straight line method over the estimated useful lives.

At December 31, 2006, the Authority's capital assets were transferred to the Charter Township of Flint. Capital outlay for capital improvements to infrastructure are recognized as assets of the Charter Township of Flint and are reported as such on the Charter Township of Flint's annual financial statements.

4. Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

II. Budgetary data

The Authority followed these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to December 31, the budget for the following year is legally enacted on a line item basis through passage of a resolution, and in accordance with Public Act 621 of the State of Michigan.
2. Budget appropriations lapse at year end, except for approved contracts.
3. The budget to actual expenditures in the financial statements represents the budgeted expenditures as adopted and amended by the Authority.
4. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Governmental Funds is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and the GAAP (Generally Accepted Accounting Principles) basis are that:
 - a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
 - b. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**Flint Township
Central Business Development Authority
Notes to Financial Statements
December 31, 2006**

II. Budgetary data – (continued)

4. – (continued)

The adjustments necessary to convert the results of operations for the year from the GAAP basis to the budget basis for the governmental funds are as follows:

	Excess (deficiency) of revenues and other sources over expenditures and other uses	
	General <u>Fund</u>	Special Revenue <u>Funds</u>
GAAP basis (as reported)	\$ -	\$(1,591,437)
Adjustments:		
Revenues (increase) decrease	(51)	9,637
Expenditures increase (decrease)	(746)	(12,017)
Transfers out increase (decrease)	-	51
Budgetary basis	<u>\$ (797)</u>	<u>\$(1,593,766)</u>

The Special Revenue Fund TIFA expenditures incurred were in excess of appropriations. The amount of actual over budget was \$3,829.

III. Detail notes on all funds

A. Deposits and investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority had designated three banks for the deposit of its funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Authority's deposits and investment policies were in accordance with statutory authority during the year.

**Flint Township
Central Business Development Authority
Notes to Financial Statements
December 31, 2006**

III. Detail notes on all funds – (continued)

B. Changes in Capital Assets:

Capital asset activity for the year ended December 31, 2006 as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated:				
Office equipment	\$ 14,970	\$ 1,248	\$ (16,218)	\$ -
Less accumulated depreciation for:				
Office equipment	(14,970)	-	14,970	-
Governmental activities capital assets, net	<u>\$ -0-</u>	<u>\$ 1,248</u>	<u>\$ (1,248)</u>	<u>\$ -0-</u>

All fixed assets were contributed to the Charter Township of Flint prior to December 31, 2006.

C. Revenues and expenditures:

1. Captured property taxes:

During 1988 and 1989, the Authority entered into tax increment financing agreements with the Township of Flint, Genesee County, and the various school districts within its boundaries. The Authority's tax increment revenue was calculated by multiplying the millage (of all entities involved) times the Captured Assessed Value (the difference between current assessed value and the initial assessed value). The date of the base year for District I was December 1, 1986. The date of the base year for District II was December 1, 1987. During 1994 Proposal A was enacted removing all school district property from the captured assessed value calculation beginning in 1995.

Effective April 1, 1995, the two Districts were combined into one district. The district cap is the combined cap of \$24,068,445. The life of the combined District is based on District II's life. This District started in 1989 and extends through 2006.

The tax agreements contain a maximum amount of taxes, which could be captured by the Authority. The total maximum amount for the combined District is \$24,068,445, which has been fully collected. All amounts are on the cash budgetary basis. Any surplus funds revert proportionately to their respective taxing bodies if the Tax Increment Financing Plan does not put such funds or revenues to use.

As of December 31, 2001, the Authority had captured the maximum amount of taxes. The Authority had until December 31, 2006 to spend its funds on administrative and project expenses.

**Flint Township
Central Business Development Authority
Notes to Financial Statements
December 31, 2006**

III. Detail notes on all funds – (continued)

C. Revenues and expenditures: - (continued)

1. Captured property taxes: - (continued)

The maximum amount of taxes was collected as detailed below:

Maximum capture		\$24,068,445
Tax collections by tax year:		
1989	\$ 560,714	
1990	1,509,931	
1991	2,165,177	
1992	2,747,280	
1993	2,858,145	
1994	4,419,057	
1995	519,930	
1996	1,092,031	
1997	1,170,033	
1998	1,218,111	
1999	1,221,635	
2000	1,377,656	
2001	<u>552,171</u>	
Total taxes collected through December 31, 2001	\$21,411,871	
Interest earned through December 31, 2001	<u>2,656,574</u>	
Total taxes and interest captured at December 31, 2001		<u><u>\$24,068,445</u></u>

2. Interfund receivables, payables, and transfers

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
Special Revenue Fund – TIFA	General Fund	<u>\$107,888</u>

The transfers from the Special Revenue – TIFA to the General Fund represent the movement of resources to be used to cover the net general fund expenditures.

D. Pension plan

The Authority's employee is included in Charter Township of Flint's general pension plan. The Township's plan is a money purchase defined contribution plan. The Authority contributed 10% of the employee's base wages and the employee contributed 5% to 10%. Contributions are 100% vested. The Authority's full-time employee was covered by this plan. Employer and employee contributions under the plan amounted to \$5,434 each for the year ended December 31, 2006.

**Flint Township
Central Business Development Authority
Notes to Financial Statements
December 31, 2006**

IV. Risk management

The Authority is exposed to various risks at loss related to property loss, torts, errors and omissions, and employee injuries. The Authority had purchased, through the Charter Township of Flint, commercial insurance for coverage of all claims except full time employee unemployment benefits. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. The Authority had paid unemployment claims on a reimbursement basis.

V. Agreements

The Authority signed an agreement with the Charter Township of Flint (Township) prior to December 31, 2006, obligating the Township to hold any unspent Authority funds as of December 31, 2006 in a trust. The Township is then to disburse these funds for Authority obligations committed to by the Authority for improvements totaling \$89,998. The remaining funds transferred to the Township were committed to the surveillance cameras project and are classified as an expenditure for that project in the Special Revenue Fund - TIFA.

**Flint Township
Central Business Development Authority
Special Revenue Fund**

	<u>Project Description</u>	<u>Project *</u> <u>Cost</u>	<u>Date</u> <u>Completed</u>
Project 01A	Ballenger right turn lane & Miller Road reconstruction	\$ 399,349	1994
Project 03A	Realign Austins Parkway	111,526	1995
Project 05A	Realign southbound I-75 ramps	35,228	N/F
Project 09A	Service Drive - Apco to Target	141,779	1993
Project 10A	Service Drive - Miller to Lennon	500,725	2002
Project 12A	Valley Plaza to New York Carpet	123,762	1994
Project 14A	Service Drive – Miller Square to Genesee Valley Center	15,000	1993
Project 16A	Linden Road right turn lane to Miller Road	132,188	1991
Project 17A	Bristol Road reconstruction	233,042	1994
Project 19A	Realign Drive – Oakbrook	84,475	1992
Project 20A	Reconstruct Radil at Linden Lane	2,200	N/F
Project 21A	Street Construction - Fleckenstein/Norko	1,748,889	1994/95
Project 23A	Street Lighting	223,523	2006
Project 24A	Lennon Road widening - Miller to Dye	3,186,915	1993
Project 25A	Dye Road widening	4,796,854	1998
Project 27A	Entryway Signs	37,847	1990/05
Project 28A/23B	Streetscape	155,695	1991/93/05
Project 38A	Maintain and improve drainage system	25,905	2006
Project 39A	Street Construction - Old Farm Road to Genesee Valley Center	356,971	1993
Project 40A	Dutcher Street extension	716,165	1993/94
Project 41A	Drive relocation – Baby ‘R’ Us to Genesee Valley Center	117,045	1992
Project 42A	Wetland monitoring	11,269	1998
Project 43A	Service Drive - Carpetland to Harmony House	116,412	1994
Project 44A	Service Drive - Genesee Valley Theater – Petco	3,000	N/F
Project 45A	Service Drive - Speedway to K-Mart	744	N/F
Project 46A	Service Drive - Don Pablos to Ballenger Hwy.	3,264	N/F
Project 47A	Service Drive - Valley Plaza to Dukes	129,224	1996
Project 05B	Township Park	333,987	2005
Project 06B	Dutcher Road	906,377	1993/94
Project 07B	Street Construction – Linden at CP Row	7,457	N/F
Project 10B	Traffic signal - Mansour Blvd.	7,122	1993
Project 11B	Lincor Service Road	299,139	1992
Project 12B	Service Drive - Home Depot	2,159	N/F
Project 17B	Service Drive - Corunna at Maxwell	600	N/F
Project 33B	Drainage systems	10,990	2006
Project 34B	Graham Road - widening and extension	338,836	1991/2001
Project 35B	Resurface Dye	25,800	1991

(continued)

**Flint Township
Central Business Development Authority
Special Revenue Fund – (continued)**

<u>Project Description</u>		<u>Project *</u> <u>Cost</u>	<u>Date</u> <u>Completed</u>
Project 36B	Street Lighting	71,171	2006
Project 37B	Linden Road right-hand turn lane to Corunna	44,880	1993
Project 38B	Wetland monitoring	15,200	2006
Project 07C	Dutcher extension through GVC	3,475	N/F
Project 08C	Right turn north bound Linden at Bristol	86,000	2006
Project 11C	Dye Road bridge repair	25,000	1997
Project 14C	Service Road – O’Neal and Menoutes	469,168	2002/03
Project 21C	Linden/Lennon Service Drive	128,218	2004
Project 22C	Extension TA Mansour to Dutcher	418,995	2006
Project 25C	Collector St – TA Mansour/Sam’s	88,941	2000
Project 29C	Corunna Road Service Drive at Maxwell	146,847	2000
Project 30C	Traffic signal modernization	123,866	2000
Project 32C	Non-vehicle path Corunna Road	25,779	2005
Project 33C	Fire hydrants	75,103	1998
Project 35C	Driveway closures	52,200	2006
Project 38C	Infrastructure for municipal center	811,418	2000
Project 39C	Sirens for Federal warnings systems	64,320	1997
Project 40C	Linden Road resurface	529,874	2003
Project 41C	Miller Road reconstruction	490,000	
Project 43C	Law Enforcement Center	2,311,052	2003
Project 44C	Conway/Lenrose improvement	140,335	2004
Project 45C	Park Study	63,450	2004
Project 46C	Conway pavement	123,125	2006
Project 47C	Surveillance cameras	<u>327,513</u>	
Total		<u>\$21,977,393</u>	

* Note – project costs shown are only those costs paid for with CBDA funds.

N/F = Not feasible to complete.

Flint Township
Central Business Development Authority
Budgetary Comparison Schedule - General Fund
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual on Budgetary Basis	Variance with Amended Budget
Revenues:				
Interest	\$ 10	\$ 10	\$ 16	\$ 6
Total revenues	10	10	16	6
Expenditures:				
Current:				
Administrative:				
Contract services	500	3,500	3,476	24
Promotion	1,500	565	551	14
Salaries and fringes	71,000	73,450	73,446	4
Legal	5,000	5,000	4,437	563
Insurance	2,100	-	-	-
Dues and memberships	900	735	593	142
Transportation	600	700	661	39
Printing and publication	100	100	-	100
Office supplies and expense	2,000	3,000	2,875	125
Office lease	12,000	10,000	9,962	38
Accounting	8,200	8,700	8,660	40
Postage	1,000	1,000	675	325
Conference and workshop	-	600	595	5
Telephone	2,000	1,200	1,197	3
Plan implementation	2,000	350	350	-
Miscellaneous	500	500	359	141
Contributed to Township	-	-	813	(813)
Total expenditures	109,400	109,400	108,650	750
Excess of revenues over (under) expenditures	(109,390)	(109,390)	(108,634)	756
Other financing sources				
Transfers in	109,400	109,400	107,837	(1,563)
Net change in fund balance	10	10	(797)	(807)
Cash basis fund balance - beginning of year	797	797	797	-
Cash basis fund balance - end of year	\$ 807	\$ 807	\$ - 0 -	\$ (807)

Flint Township
Central Business Development Authority
Budgetary Comparison Schedule - Special Revenue Fund TIFA
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2006

	Original Budget	Amended Budget	Totals Actual on Budgetary Basis	Variance with Amended Budget
Revenues:				
Interest	\$ 15,000	\$ 58,000	\$ 58,517	\$ 517
Total revenues	15,000	58,000	58,517	517
Expenditures:				
Community Development				
Project 23A	100	3,914	3,914	-
Project 25A	3,000	27,646	27,646	-
Project 27A	14,000	20,217	20,217	-
Project 28A	10,000	6,038	6,038	-
Project 38A	2,500	7,565	7,565	-
Project 49A	100	-	-	-
Project 5B	100	76,925	76,925	-
Project 22C	500,000	391,664	391,664	-
Project 26-28C	100	-	-	-
Project 29C	100	-	-	-
Project 32C	60,000	17,639	17,639	-
Project 35C	30,000	52,200	52,200	-
Project 41C	490,000	490,000	490,000	-
Project 46C	180,000	123,125	123,125	-
Project 47C	150,000	323,167	327,513	(4,346)
Total expenditures	1,440,000	1,540,100	1,544,446	(4,346)
Excess of revenues over (under) expenditures	(1,425,000)	(1,482,100)	(1,485,929)	(3,829)
Other financing uses				
Transfers out	(109,400)	(109,400)	(107,837)	1,563
Net change in fund balance	(1,534,400)	(1,591,500)	(1,593,766)	(2,266)
Cash basis fund balance - beginning of year	1,593,766	1,593,766	1,593,766	-
Cash basis fund balance - end of year	\$ 59,366	\$ 2,266	\$ - 0 -	\$ (2,266)

Flint Township
Central Business Development Authority
Special Revenue Fund - TIFA
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2006

Revenues:

Interest	\$ 48,880
Total revenues	<u>48,880</u>

Expenditures:

Community development	
Project 23A	3,079
Project 25A	27,646
Project 27A	20,217
Project 28A	6,038
Project 38A	5,787
Project 5B	68,631
Project 22C	390,554
Project 32C	17,639
Project 35C	52,200
Project 41C	490,000
Project 46C	123,125
Project 47C	<u>327,513</u>
Total expenditures	<u>1,532,429</u>
Excess of revenues over (under) expenditures	(1,483,549)

Other financing uses

Transfers out	<u>(107,888)</u>
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Net change in fund balance	(1,591,437)
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Fund balance - beginning of year	<u>1,591,437</u>
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Fund balances - end of year	<u><u>\$ - 0 -</u></u>
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January 2, 2007

To The Honorable Members of the
Board of Directors of the Flint Township
Central Business Development Authority
Genesee County Michigan

Dear Board Members:

In planning and performing our audit of the financial statements of Flint Township Central Business Development Authority (Authority) as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be *a material weakness*.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

To the Honorable Members of the
Board of Directors of the Flint Township
Central Business Development Authority

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January 2, 2007

Segregation of Duties

Because of the small size of Authority's staff, the major weakness during this last year was a lack of segregation of duties. Segregation of duties is an arrangement of responsibilities such that the work of one employee is checked by another.

We wish to make it clear that we are not suggesting that you should have added to your staff just to provide a segregation of duties; this would be impractical. What we are saying is that there was an inherent limitation in your system of internal accounting controls, and we are required to make you aware of this fact.

This communication is intended solely for the information and use of management, The Authority Board and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PLANTE & MORAN, PLLC

A handwritten signature in cursive script, reading "Peggy Haw Jury".

Peggy Haw Jury, CPA, CFE